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Consumer markets abroad

IN DEPTH / THE WORLD AT 5 BILLION P. 1 RANKINGS P. 7 SPECIAL REPORT ON SINGAPORE P. 8 SPECIAL REPORT ON THE U.K. P. 12 EVALUATING GLOBAL MARKETS P. 15 PUBLICATIONS P. 16

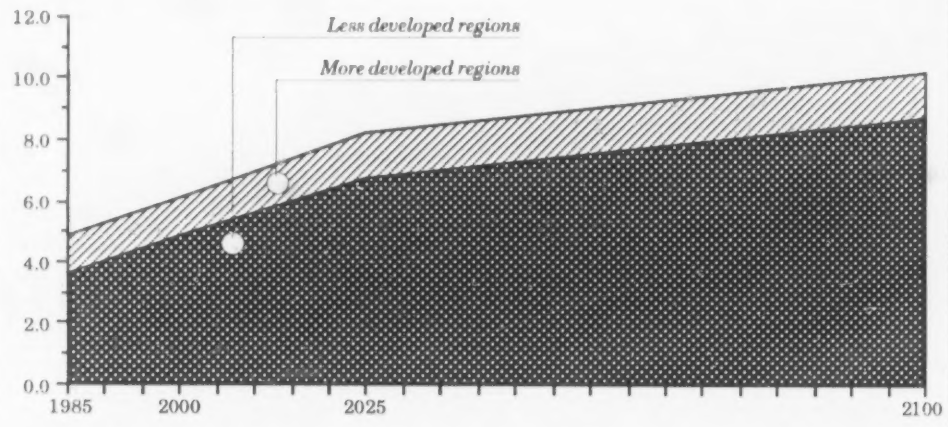
in depth

THE DAY WORLD POPULATION REACHED FIVE BILLION–JULY 11, 1987

Future world citizens will be better educated, more urbanized, and older than they are today.

WORLD OUTLOOK '87

WORLD POPULATION GROWTH TO TAKE PLACE IN LESS DEVELOPED REGIONS
(numbers in billions)



Source: United Nations.

Only 13 years ago it was a 4-billion world. Now at 5 billion, it seems just around the corner to the turn of the century when world population will reach 6 billion. By that time, cities will hold half of the world's population.

Most of the world's population will live in the developing countries. For every baby born in a developed country, 10 will be born in a developing country. Six hundred million new jobs will be needed in developing countries by the turn of the century just to employ those already born and about to enter the workforce.

Not only will there be more world citizens but they will be collectively older, too. The aging of the world population is a result of declining record-high fertility rates (the number of children women commonly bear in their lifetimes) and increasing life expectancy. By the year 2000, 418 million world citizens will be over 65, up from 286 million in 1985.

Developed countries will be home to increasing proportions of the aged. Developing countries will age slower; the aged at present do not constitute a significant share of the populations of these countries. However, it is important to note that in Brazil, Mexico, India, Indonesia, and the Philippines, the proportion of the population over age 65 will double between 1985 and 2025.

FORMERLY INTERNATIONAL DEMOGRAPHICS
VOLUME 6 NUMBER 8 AUGUST 1987

DOUBLING OF WORLD POPULATION LIKELY

The world's population growth is slowing down, but it will take about 100 years before it stops. After peaking at over 2 percent a year in the late 1960s, the world's population growth rate is down to 1.7 percent. But the world population will continue to grow until the young people born in times of high fertility pass out of their childbearing years. Until births equal deaths, the population will not stabilize.

The world's population is projected to stop growing at the beginning of the 22nd century. By then, world population is projected to total 10.2 billion, over double what it is now, according to UN projections. Its ultimate size, however, could range between 7.5 billion and 14.2 billion.

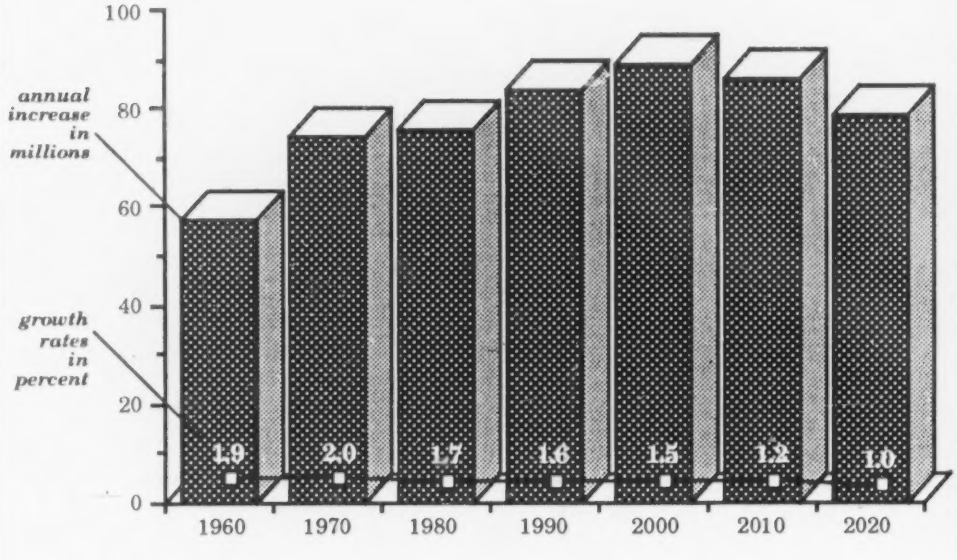
The lion's share of this growth will occur in Africa, Asia (minus Japan), and Latin America, which now make up 76 percent of the world population. By 2095, 8.8 of the world's 10.2 billion people will live in these areas.

DEVELOPING COUNTRIES TO INCREASE SHARE OF WORLD POPULATION

Developing countries are expected to grow three times faster than their developed country counterparts. Between 1990 and the year 2000, about 828 million people will be born in developing countries. Excluding China, developing countries are slated to grow at between 1.9 and 2.4 percent a year. China is excluded because its relatively low growth rate (0.8 percent) and its large share of the total population of developing countries tends to throw off the developing country average and present a misleading picture.

Sub-Saharan Africa's growth rate of 3 percent is about double

WORLD POPULATION TO GROW DESPITE FALLING GROWTH RATES



Source: United Nations.

Consumer markets abroad

Publisher
Doris Walsh

Associate Publisher
Carol Terrizzi

Editor
Denise Rusoff

Research Assistant
Janet McClafferty

Production Assistant
Amy Christian

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that of the rest of the world's, making it the fastest growing region in the world. Sub-Saharan Africa's share of the world population will accordingly increase from 9 percent in 1985 to about 11 percent in the year 2000.

The Near East and North Africa come in second among developing regions with 8 percent of the developing world's population in 1985. Its population of 301 million people will swell to 443 million by the year 2000.

Asia accounts for about 55 percent of the world's population and 69 percent of the population of the developing world. The world's two largest countries, China and India, are in Asia. The population growth rate in Asia declined markedly between 1970 and the present due largely to China's success in slowing its growth rate. China's growth rate fell from 2.7 percent annually between 1965 and 1970 to a dramatically low 0.8 percent in 1985. Accordingly, the population growth rate of Asia declined from 2.2 percent annually to 1.7 percent annually during the same period.

Latin America too has slowed its growth rate (from 2.7 percent annually in the 1950s and 1960s to 2.3 percent in the late '70s), but it still is above the average for developing countries and well above the world rate of 1.6 percent. Latin America also faces large annual increases in population as the hefty number of youths born during high-fertility times enter their family formation years.

FALLING NUMBERS IN EUROPE

Falling birthrates throughout Europe reflect a profound shift in norms and attitudes away from concerns for family and offspring to the rights and self-fulfillment of individuals, according to a newly published analysis of population trends in the region.

Dirk J. van de Kaa, a distinguished Dutch demographer, predicts that birth and death rates in most European countries will converge at low levels and continue to decline. His study describes public and policy reaction to what he calls Europe's Second Demographic Transition as it has evolved in some 30 countries. It appears in the Population Bulletin, published by the Washington-based Population Reference Bureau.

Austria, Denmark, Hungary, and West Germany had already slipped into natural population decrease (fewer births than deaths) by 1985. Belgium, Bulgaria, East Germany, Italy, Sweden, and Britain, with a natural increase of less than 0.15 percent in 1985, are, he predicts, probably next in line, to be followed shortly by many other countries.

Europe's demographic development, he says, is at a stage where the countries that still have above-replacement-level fertility (2.1 births per woman) can be counted on the fingers of one hand, with a few where births no longer exceed deaths. Current United Nations medium projections show too that Europe's population will grow by only 6 percent between 1985 and 2025—from 492 million to 524 million—while the world's population is likely to double from 4.5 to 8.2 billion. Nearly one in every five Europeans in 2025, according to the UN, will be a pensioner aged 65 and over, with a shrinking working-age population to support each one.

These projections assume a rise in Europe's fertility to replacement level between 2020 and 2025, says van de Kaa, a prospect he considers unlikely, though a slight rise in rates from 1983 to 1985 in Denmark (1.38 to 1.45 births per woman) and Sweden (1.61 to 1.73) suggests that the low point may

Nearly one in every five Europeans in 2025, according to the UN, will be a pensioner aged 65 and over, with a shrinking working-age population to support each one.

have been reached. Eastern European fertility rates were under 2.5 in 1965, rose in response to restrictions on legal abortion and pro-natalist economic incentives, but now are also all below replacement level, except in Poland.

THE MOVE AWAY FROM MARRIAGE AND FAMILY

Addressing the causes of Europe's fertility plunge, van de Kaa maintains that a tide of individualism, progressiveness, and post-materialism is moving people away from marriage and parenthood. In Northern and Western Europe, cohabitation is increasingly accepted as normal, and there are indications that possibly as few as 50 to 60 percent of men and women in future generations will ever marry.

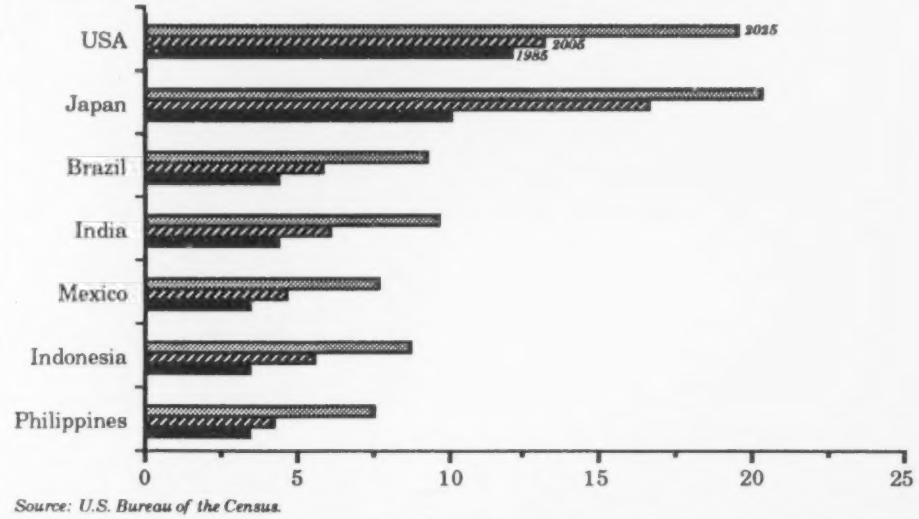
Having a child is now more and more a deliberate choice made to achieve greater individual self-fulfillment, with little fear that the child will be stigmatized if born out of wedlock. Proportions of out-of-wedlock births vary from 0.6 percent in Malta and 1.6 percent in Greece, to 45 and 46 percent in Denmark, Iceland, and Sweden. In the latter three countries, the average age of women at first marriage is now higher than women's average age when they first give birth.

Many Europeans are convinced that below-replacement fertility and aging population spell the end of national influence in regional and world affairs and the collapse of social security funds, van de Kaa observes. France has stepped up pro-natalist economic incentives, while in the Netherlands a large majority share the official view that an end to natural population growth should be welcomed. With the exception of France, governments outside Eastern Europe hesitate to try pro-natalist economic incentives. These are seen as politically risky, costly, and having no guarantee of success.

Such incentives have not succeeded in boosting fertility back to replacement level in Eastern Europe, despite incentive packages that include subsidized maternity leave of up to three years in Hungary and in Czechoslovakia, allowances totalling 53 percent of

INDUSTRIALIZED WORLD TO AGE RAPIDLY

Percent of population over age 65, for selected countries: 1985, 2005, 2025



Source: U.S. Bureau of the Census.

average monthly wages of a three-child family.

WHAT CAN BE DONE TO REVERSE EUROPEAN POPULATION DECLINE?

Van de Kaa offers two possible solutions to ward off long-term population decline in Europe. It is possible that women and men will decide again that having several children would enrich their lives, lead to greater self-fulfillment and be in the best interests of society. He adds that he has not found much concrete evidence to support such a scenario.

The second, he says, assumes that immigration becomes a major component of population growth, more so than before 1973. However, he acknowledges that the recent tightening of restrictions suggests that a resumption of large-scale immigration is unlikely to be acceptable. But in the past, at least, many European countries have allowed refugees and others to enter on broadly defined humanitarian grounds. Such politics were usually widely supported, and could be again.

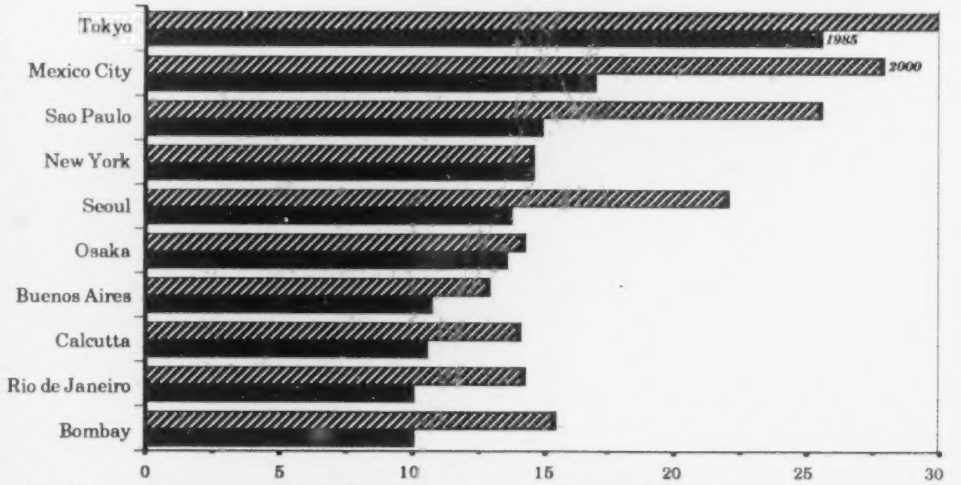
The only hope of stemming Europe's population decline, he concludes, lies with new, more imaginative measures to stimulate fertility. He cites the proposal of the American demographer Paul Demeny to relink fertility behavior and economic security in old age. Part of each worker's social security taxes would be earmarked to go directly to his or her own live parents as an extra pension entitlement—a long-term incentive to have children of one's own. Van de Kaa admits this idea has little chance of being adopted, but adds: "In demographic matters, the unexpected sometimes happens."

GAP BETWEEN RICH AND POOR WIDENS

The world's least developed countries are experiencing the slowest economic growth, with upper-middle income countries growing the fastest. The world's 38 poorest countries, with 54 percent of the world's population, accounted for a mere 5.6 percent of the world's total income in 1982, averaging only $270 a person; the 38 richest countries, on the other hand, with only 18 percent of the world's popula-

The world's least developed countries are experiencing the slowest economic growth, with upper-middle income countries growing the fastest.

POPULATION OF THE WORLD'S TEN LARGEST URBAN AREAS: 1985 AND 2000



Note: Urban areas are in rank order by 1985 population. Source: U.S. Bureau of the Census.

trendwatch Worldwide

Growth of the elderly population to outpace that of the world population

Half of the world's population now lives in China, India, the USSR, and the US

Latin America's growth rate to drop considerably by the year 2000

Half of the world's population to live in urban areas by 2000

tion, accounted for 77 percent of the world's total income, averaging $11,390.

Other shakeups are on the horizon. The newly industrialized countries are gaining fast, making their traditionally more secure rivals such as Britain increasingly uncomfortable. In 1966, South Korea, for example, had a per capita GDP of only 28 percent of that of Portugal and 41 percent of that of Turkey. But, if growth rates remain similar to those of the past, South Korea in just 20 years will surpass both Portugal and Turkey in per capita GDP. This possibility so miffs the British that they argued at the GATT (General Agreement on Tariffs and Trade) meeting last year that newly industrialized countries should lose some of their special dispensations in trading matters due to their increased economic power.

–Denise Rusoff; the section on Europe's demographic transition was written by Celia Curtis, People *News / Features, London*

A LOOK AT WORLD POPULATION STATISTICS
from the 1986 World Population Data Sheet

World population as of mid-1986: **4.924 billion**

More developed country (MDC) population: **24% of world total**

Less developed country (LDC) population: **76% of world total**

China's population: **1.05 billion, 21.3% of world total**

World birth rate: **27 births per 1,000 population**

World death rate: **11 deaths per 1,000 population**

World rate of natural increase: **1.7%**

World total fertility rate: **3.6 lifetime children per woman**

MDC total fertility rate: **1.9 lifetime children per woman**

LDC total fertility rate: **4.2 lifetime children per woman**

World infant mortality rate: **82 infant deaths per 1,000 live births**

World life expectancy at birth: **62 years**

MDC life expectancy at birth: **73 years**

LDC life expectancy at birth: **58 years**

Source: Population Reference Bureau.

rankings

THE TOP TWENTY

Population and average annual rates of growth for top 20 cities with 2 million or more population in 1985, in rank order: 1985 to 2000

Rank in 1985	Metro area	Country	Midyear population (thousands) 1985	1990	1995	2000	Growth rate (%) 1985-1990	1990-1995	1995-2000	Density (pop. per square mile)
1	Tokyo-Yokohama	Japan	25,434	26,952	28,447	29,971	1.16	1.08	1.04	23.35
2	Mexico City	Mexico	16,901	20,207	23,913	27,872	3.57	3.37	3.06	32.37
3	Sao Paulo	Brazil	14,911	18,052	21,539	25,354	3.82	3.53	3.26	33.06
4	New York	USA	14,598	14,622	14,638	14,648	0.03	0.02	0.01	11.45
5	Seoul	S. Korea	13,665	16,268	19,065	21,976	3.49	3.17	2.84	29.95
6	Osaka-Kobe-Kyoto	Japan	13,562	13,845	14,093	14,333	0.41	0.36	0.34	27.39
7	Buenos Aires	Argentina	10,750	11,518	12,232	12,911	1.38	1.20	1.08	20.09
8	Calcutta	India	10,462	11,663	12,885	14,088	2.17	1.99	1.79	50.05
9	Bombay	India	10,137	11,777	13,532	15,357	3.00	2.78	2.53	106.70
10	Rio de Janeiro	Brazil	10,116	11,428	12,786	14,169	2.44	2.25	2.05	38.90
11	Moscow	USSR	9,873	10,367	10,769	11,121	0.98	0.76	0.65	26.05
12	Los Angeles	USA	9,638	10,060	10,414	10,714	0.86	0.69	0.57	8.68
13	London	UK	9,442	9,170	8,897	8,574	-0.58	-0.60	-0.74	10.80
14	Paris	France	8,633	8,709	8,764	8,803	0.18	0.13	0.09	19.98
15	Cairo	Egypt	8,595	9,851	11,155	12,512	2.73	2.49	2.30	82.64
16	Manila	Philippines	8,485	9,880	11.342	12,846	3.04	2.76	2.49	45.13
17	Jakarta	Indonesia	8,122	9,588	11,515	12,804	3.32	3.02	2.76	106.86
18	Essen	W. Germany	7,604	7,474	7,364	7,239	-0.34	-0.30	-0.34	10.80
19	Tehran	Iran	7,354	9,354	11,681	14,251	4.81	4.44	3.98	65.66
20	Delhi	India	6,993	8,475	10,105	11,849	3.84	3.52	3.18	50.67

Source: World Population Profile: *1985, U.S. Department of Commerce, Bureau of the Census*

METRO AREAS NOW HOUSE TEN PERCENT OF WORLD POPULATION

special report

SINGAPORE'S DESIGNER GENES

Singapore's relentless program of population pruning over the last decade worked just too well.

Population policies rarely go overboard. But in Singapore, when Prime Minister Lee Kuan Yew's catchy campaigns persuade islanders to engage in every activity from efficient production to common courtesy, a relentless program of population pruning over the last decade worked just too well.

In fact, the overwhelming success of the government's "Stop at Two" policy, limiting families to two children, turned a 1970s fear of overcrowding into a 1980s fear of surplus capacity, underachievement, and economic stagnation. In order to cope with the first signs of population decline, policy makers ironically have begun to advocate a selective undoing of previous population controls—the selectivity of which has exposed a host of questionable demographic priorities for this "modern" island powerhouse. The newest policies spark heated debates ranging from the question of nature versus nurture in intelligence to the appropriateness of polygamy in twentieth century Singapore.

Once it had been revealed in 1983 that the "Stop at Two" policy succeeded beyond target levels, government analysts began to examine fertility rates of different groups based on race, education and sex. Three startling conclusions surfaced immediately: Many couples who did marry were not even maintaining replacement level, and population levels of Chinese Singaporeans (who comprise 77 percent of the population) were actually declining. While the Malaysian and Indian fertility rates hovered between 1.9 and 2.1 during the late 1970s, the Chinese fertility rate dropped steadily and reached a low of 1.5 at the end of the decade. These results were most distressing to the government for a variety of reasons.

As an island nation, Singapore has few natural resources on which to depend. Most of the miraculous economic development during the past twenty years has been the result of only one carefully cultivated resource—a highly educated labor force. Moreover, out of the three largest ethnic groups in Singapore (Chinese, Malays and Indians) it is the Chinese who remain powerful in both economic and political spheres. As Lee saw it, then, the fertility studies showed how Singapore's cutting edge in a high tech world would erode within the next generation unless some drastic changes were made.

These prospects prompted the prime minister's surprising speech on National Day in August of 1983, in which Lee formally presented the problem and began to outline a corrected course for population policy. "If we continue to reproduce ourselves in this lopsided way," he argued, "we will be unable to maintain our present standards. Levels of competence will decline. Our economy will falter, the administration will suffer, and the society will decline... Our most valuable asset is in the ability of our people. Yet we are frittering away this asset through the unintended consequences of changes in our education policy and equal career opportunities for women. This has affected their traditional roles as mothers...We must further amend our policies, and try to reshape our demographic configuration so that our better educated women will have more children to be adequately represented in the next generation."

To Prime Minister Lee, equal opportunity posed major problems for Singapore's future. Equality in education and employment, gain ed through the Women's Charter of 1962, strained social relation-

ships in this extremely traditional and hierarchical society. Men found it more difficult to find women who make home and family their first priority. They had been used to maintaining control in the family, and at times felt challenged by women of educational parity. Thus, men sought to marry less educated women. In 1983, 63 percent of graduate men married non-graduate women. Conversely, women who looked for educated equals and found none frequently opted to remain single rather than marry a less educated man. The result—"a considerable loss in well educated women remaining unmarried at 40 plus and not represented in the next generation: 13 and 1/2 percent of all tertiary educated women, 8 and 1/2 percent of all upper secondary educated women and 10 and 1/2 percent of all secondary educated women."

Lee also pointed to statistics for married couples which showed a directly proportional relationship between the level of female education and the drop in fertility rate. "A woman below age 40 with no educational qualifications on average produces about three children, although she has limited and few resources to give her children... with primary education, she produces about two children on average; with secondary education 1 and 1/2, with upper secondary education 1 and 1/3, with tertiary education 1 and 1/4...Our projected losses through graduates not reproducing themselves under present patterns will be over 20 percent (based on the mean of 1.65 children born alive per ever-married woman aged 35 to 39 of about 2,000 graduates per year)."

But while policy makers drafted and redrafted workable solutions to the problem, Lee has vented his frustrations in a variety of forums —none of which has been free from controversy. "We can't go back," he claimed. "It is not possible. We cannot say we will educate our women but only up to a point."

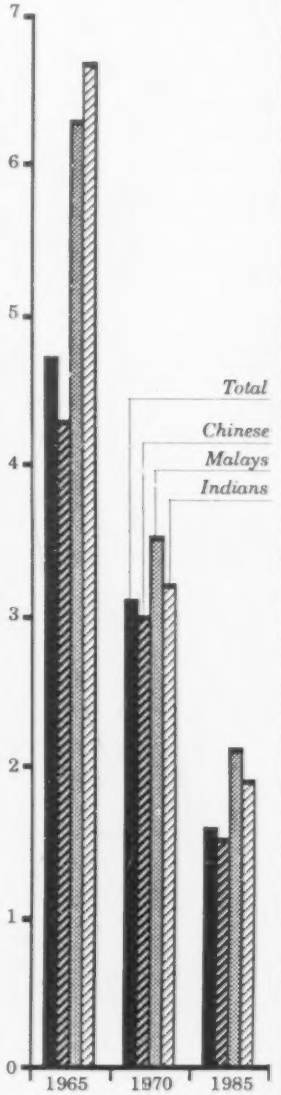
"It is too late. We have opened Pandora's box. The women won't stand for it," Lee proclaimed on National Day in 1983. As recently as December 12, 1986, in an address to the National University of Singapore, Lee's remarks reached the height of reaction as he invoked the practice of polygamy in order to dramatize the continued severity of the population problem. "The way the old society did it was by polygamy. The successful man, whether you're a scholar, a Mandarin or a successful businessman or successful farmer, you had more than one wife. In fact you can have as many as your economic status entitles you or can persuade people to give up their daughters to you.

"So, over the generations, you must have the physically more vibrant and vital reproduce. We are doing just the opposite. We introduce monogamy. It seems so manifestly correct. The West was successful, superior. Why? Because they are monogamous. It was wrong; it was stupid."

How has population policy evolved since National Day, 1983? Immediately, the Singaporean government promulgated a two-tiered policy to encourage "graduate" marriages and "graduate" offspring.

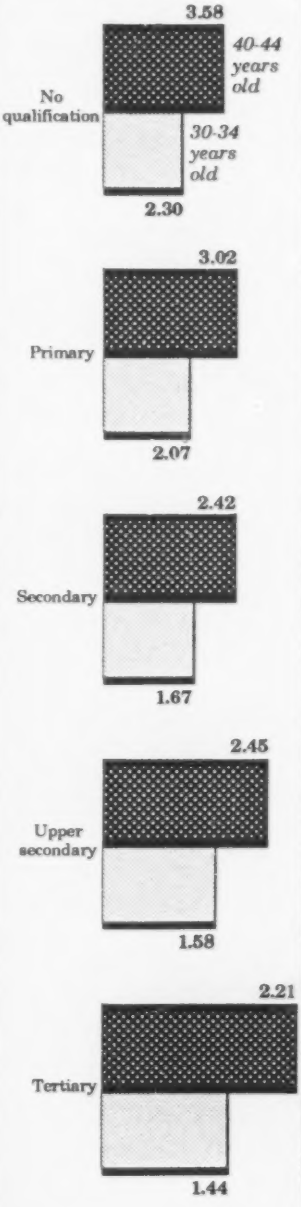
Under the Ministry of Finance, the Social Development Unit engaged in love Singaporean style; the unit provided a variety of party atmospheres in which young, eligible and, most importantly, educated men and women could interact. Teas, dances, cruises and computerized blind dates continue to fall within the realm of SDU activities. For the younger set (predominantly high school age students or students of "A" and "O" levels), the

AVERAGE NUMBER OF CHILDREN PER WOMAN IN THE SINGAPOREAN POPULATION BY ETHNIC GROUP, *in percent 1985, 1970, 1985*



BETTER EDUCATED SINGAPOREAN WOMAN HAVING FEWER BABIES

Average number of children per married Singaporean woman in 1985



Social Development Section provides the same service.

But the desirability of an official social organ, one which foists the old parental matchmaking duty onto the government, remains questionable even in the minds of those for whom it was established. "Some of the trips that SDU offers are pretty good and free, but most people don't take it that seriously," commented Siguna Modhaven, a third year student at the National University of Singapore. "I have one friend who thought of going to an SDU dance, but we teased her about what would happen if she met a guy, married and had children. The child would ask, 'Mommy, Mommy how did you meet Daddy?' 'At an SDU trip,' she would have to say."

As for spurning "graduate offspring," a policy officially known as the Graduate Mother policy (unofficially the "Designer Gene" policy) offered a weighty package of incentives for educated mothers to have more children and for uneducated mothers to have fewer. Primarily, graduate parents got priority in school selection for their children, while uneducated mothers got S$10,000 (US $5,000) in cash for sterilization after their second child was born. The government explained that this transfer payment would optimally be used toward buying a public Housing Board Flat.

The Graduate Mother policy rested on the belief, espoused by Prime Minister Lee, that nature rather than nurture fosters intelligence. "Government policies have improved the part of nurture in performance. Government policies cannot improve the part nature makes to performance," he explained. Thus, the policy was crafted to maximize the uncontrollable: the inherited component of intelligence. It was an effort to hybridize Singaporean brain power.

The newest efforts to promote a "Think of Three" mentality have centered on affordability rather than education. Apparently conceding to popular resistance toward the Graduate Mother policy, Lee and People's Action Party have attempted to relax population "qualifications"; incomes have replaced degrees as means of quality control.

On March 1, 1987, at a televised press conference, First Deputy Prime Minister Goh Chok Tong unveiled the new plan. "There are many people who might not even have secondary education, but they make up for it with diligence, hard work, special talents, skills. And they may be earning very much more than those with "O" levels or even those who have been to university. These people can support their children," claimed Goh. "The policy is, when you have more children, make sure you can afford to give them a good life on your own. You can't expect others to pay for your children's requirements in future."

Specific incentives outlined in the new policy, which becomes effective in 1988 (according to the *Straits Times*) include tax breaks of up to S$20,000 over five years, or a tax rebate of 15 percent of earned income for working mothers who have third children; a lifting of old disincentives against the third child in school registration (a remnant of the "Stop at Two" policy) and even priority for three-child families in school registration if applications exceed vacancies; use of Medisave insurance to pay for hospital expenses, and an increase in childcare facilities. In conjunction with the improvement in childcare provisions, a policy which became effective April 1 stipulates that all families with children placed in ministry-

approved childcare centers receive a monthly subsidy of S$100.

In addition to these changes, a program to re-educate employers will stress flexibility toward working mothers' needs and encouragement of part-time and flexi-time work as well as "extended no-pay maternity leave and the retraining of women who rejoin the labour force." Fees for schooling will be altered so that starting January 1, 1988, fourth children will require a fee of S$1,000 for ward classes and a fee of S$1,300 for any child after the fourth. Improvement in public housing, or HDB flats, will be more readily available to families who have third children, and abortions will be counselled against under a compulsory pre- and post-abortion/sterilization counselling program. Finally, the SDU and SDS will continue to operate at an even more fervent pace.

Goh explains that the new policy is more practical and less aimed at any elite segment of Singaporean society. The policy was changed "so that those who are married can make up for those who are not, or who are underproducing," he said.

But despite all the perks offered to new groups, the implication remains that the government is primarily concerned with the drop in fertility among Chinese Singaporeans, especially educated Chinese. Official charts and graphs all illustrate this problem, showing population declines only among Chinese in contrast to replacement or growth for other ethnic groups. Yet leaders hesitate to be so blunt. They prefer not to state what foreign diplomats from neighboring countries are quick to voice. "The Chinese in Singapore are in absolute power. Yet Lee Kuan Yew is urging the Chinese to have more children so that the stability in Singapore's population structure will further strengthen the dominance of the Chinese on the island," reports Datuk Abdullah Ahmad, a Malaysian MP.

Reversing old policies is never an easy task, especially as a result of past success. "Stop at Two" families may feel themselves the product of bad timing. But the prospect of a large elderly population supported by shrinking numbers of employable youth forces the government to sit down at the analysis table and come up with viable alternatives. Like unpleasant medication, these alternatives so far have caused unprecedented side effects. Perhaps trial and error is needed to bring about the cure.

–Blayne Cutler is currently working for the Wilson Quarterly. *The author would like to thank Sean Greene for his help in compiling and selecting material for this article.*

The "Designer Gene" policy offered a weighty package of incentives for educated mothers to have more children and for uneducated mothers to have fewer.

special report

MARKET TRENDS IN THE 1990s— THE UNITED KINGDOM

Basic shifts in affluence demography in the U.K. point to one thing—increasingly schizophrenic markets in the 1990s. Sharper divisions between Britain's have and have-nots in a time of rising overall affluence and the rise of new lifestyles have hastened the end of the mass market. These trends as well as demographic changes in the relative importance of specific age groupings herald new developments in British consumer markets in the 1990s.

GOODBYE YOUTH MARKET, HELLO EMPTY NEST AND YOUNG FAMILY MARKET

The youth market will decline as the numbers of those aged 15 to 24 decrease by 24 percent between 1986 and 1996. However, the young-family market—made up of people aged 25 to 44—will increase in importance as the baby boom enters into its prime family-formation years. This group will grow 13.5 percent between 1986 and 1996. Correspondingly, the baby-market will pick up speed, with the group of children under age 5 increasing in numbers by a projected 13.6 percent.

The numbers of people in the empty-nest grouping—those aged 45 to 59—will also increase (by about 12 percent over the same period), while the numbers of those over 60 remain relatively the same.

Not only will the youth market decline in importance due to decreasing numbers of 15-to-24-year-olds, but also as a result of declining affluence among this group. In 1986, youth unemployment stood at 21 percent, as compared to 13.5 percent for the total population.

RISING REAL DISPOSABLE INCOME

But the U.K.'s current high unemployment figures are not expected to slow the trend toward rising affluence in the U.K. Real disposable income has increased steadily since 1982, up 1.1 percent in 1982 over 1981, up 4 percent in 1983, 3.2 percent in 1984, and 3.8 percent in 1985. Total household disposable income in 1985 was 225.1 billion pounds, up from 161.6 billion pounds in 1981.

Personal disposable income is expected to continue to rise throughout the 1990s, marked, however, by increasingly sharper divisions in affluence between the employed and unemployed and between the young and those over age 25.

According to Sean Hamil and Gerard O'Neill of The Henley Centre, consumer spending will rise in the 1990s as children inherit property, especially homes, from their parents, and as credit facilities continue to expand. As gains from inheritance most often occur in middle age, the empty-nest grouping and some from the young-family grouping will benefit the most with income formerly tied up in paying mortgages freed for discretionary purchasing. Young families will also become more affluent as women increasingly join the workforce and more households become dual-income.

The Henley Centre predicts that real disposable income for married couples with children under five will rise from 24.7 billion pounds in 1985 to 28.5 billion pounds in 1990; for married couples with dependent children over five, from 34.7 billion pounds to 39.3 billion pounds; and for older couples from 15.6 billion pounds to 18.8 billion pounds.

HOUSEHOLD EXPENDITURE DIFFERS BY TYPE OF HOUSEHOLD

Looking at expenditure patterns can give marketers an overall picture of how the different types of households spend their income. Households with children in 1985, for example, spent more of their income on durable goods than any other group (see table below) and

PATTERN OF HOUSEHOLD EXPENDITURE IN THE UNITED KINGDOM BY HOUSEHOLD TYPE AND INCOME LEVEL[1], 1985

	Percentage of all households	Percentage of reported expenditure									Average total expenditure (£s / week (=100%))
		Food	Housing	Fuel and light	Alcohol	Tobacco	Clothing and footwear	Durable household goods	Transport and vehicles	Other goods, services, miscellaneous	
Pensioner households[2]											
Low income	7	32.7	11.0	16.1	2.4	3.2	6.1	3.9	4.2	20.4	46.51
Other	4	27.3	16.4	11.9	3.6	3.9	6.5	3.3	5.5	21.7	65.01
One-parent households											
Low income	2	32.1	5.9	13.8	2.3	6.6	9.7	5.1	5.9	18.6	66.84
Other	1	21.0	17.4	6.8	2.1	2.3	11.7	5.3	11.9	21.5	125.61
Other households with children											
Low income	5	30.0	9.7	9.7	4.1	6.0	9.1	5.4	9.8	16.1	119.73
Middle income	22	22.0	15.4	5.6	4.6	2.8	8.2	7.7	14.5	19.1	199.08
High income	4	15.6	15.5	4.4	4.1	1.0	8.6	9.1	15.6	26.2	341.24
Other households without children											
Low income	6	25.7	15.7	10.0	5.3	5.2	5.9	4.6	10.8	16.7	80.03
Middle income	33	20.0	17.2	6.3	5.4	3.0	7.0	6.5	15.5	19.1	150.18
High income	16	15.5	17.4	4.5	5.4	1.8	6.4	8.1	18.8	22.0	226.15
All households	100	20.2	16.1	6.1	4.9	2.7	7.4	7.2	15.2	20.2	161.87
Low income	20	29.4	11.6	11.5	4.0	5.2	7.5	4.8	8.6	17.4	76.56
Middle income	60	21.1	16.3	6.2	5.0	2.9	7.5	6.9	14.8	19.2	161.88
High income	20	15.5	16.9	4.5	5.1	1.6	7.0	8.4	18.0	23.1	246.74

[1] The income distribution used is that of equivalent normal net household income. Low income is defined here as the lowest 20 percent of this income distribution, middle income as the next 60 percent, and high income as the highest 20 percent.

[2] Pensioner households are defined as those households solely containing one or two persons of pensionable age.

Source: Central Statistical Office, from Family Expenditure Survey.

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were by far more likely to have most types of durables shown in the table below, especially washing machines, deep-freezers, and home computers. Households without children, on the other hand, spent more on transport and vehicles and housing than any other group.

The table below shows trends in possession of durable goods by household type. Elderly households, for example, showed the greatest increase in ownership of color televisions, vacuum cleaners, refrigerators, washing machines, and telephones between 1973 and 1984 than any other household type.

Households with children were by far more likely to have most types of durables.

POSSESSION OF DURABLE GOODS BY HOUSEHOLD TYPE, GREAT BRITAIN, 1973-1985

Percentage of households with:	*Elderly households*[1]			*Other households without children*[2]			*Other households with children*			*All households*			
	1973	*1979*	*1984*	*1973*	*1979*	*1984*	*1973*	*1979*	*1984*	*1973*	*1979*	*1984*	*1985*
Vacuum cleaner	83	90	—	90	93	—	90	95	—	88	93	—	—
Refrigerator[3]	63	85	92	83	93	95	86	96	97	78	92	94	95
Deep-freezer[3]	—	22	43	—	46	66	—	52	75	—	40	61	66
Washing machine	48	56	65	67	76	81	84	91	94	67	74	79	81
Tumble drier	—	9	14	—	19	31	—	28	46	—	19	29	33
Dishwasher	—	1	2	—	3	6	—	5	8	—	3	5	6
Telephone	35	55	73	50	72	81	50	74	80	45	67	78	81
Car	25	30	36	64	70	73	69	71	74	54	57	61	62
Central heating	30	46	59	38	56	67	49	65	74	39	55	66	69
Television													
Color	—	50	77	—	70	84	—	77	89	—	66	83	86
B & W only	90	45	20	95	26	13	98	22	10	95	31	14	11
Video	—	—	5	—	—	32	—	—	38	—	—	24	31
Home computer	—	—	1	—	—	9	—	—	18	—	—	9	13

[1] One adult aged 60 or over, or two adults, one or both aged 60 or over.
[2] Includes households containing three adults with child.
[3] Fridge freezers are included in both Refrigerators and Deep-freezers.

Source: General Household Survey.

special report

HOW TO EVALUATE GLOBAL MARKETS

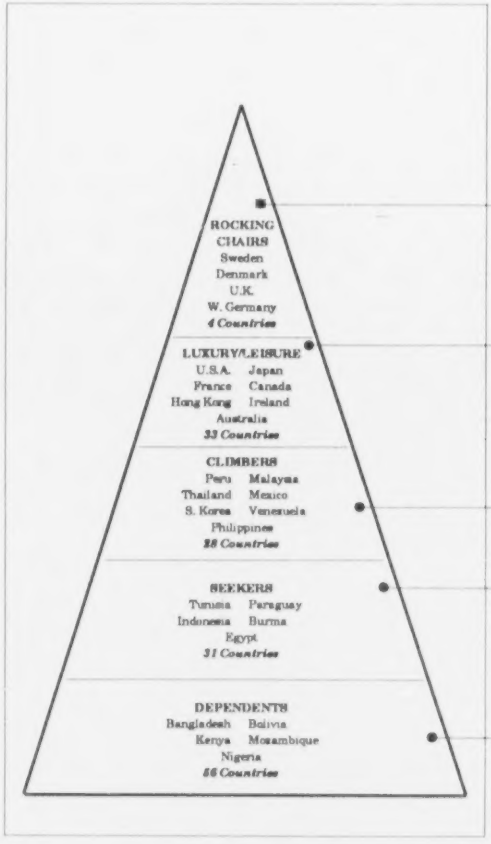
Going global? Malcolm Aylett, group general manager for a division of The Gillette Company has a system that can help. Aylett presented an approach for evaluating the potential of new markets abroad at American Demographics' 7th annual Demographic Outlook Conference in June.

Armed with slides, charts, and extensive experience in the Asia Pacific region, Aylett stressed prioritization over intimidation. "There are a huge number of highly successful American companies operating in Japan," he stated. Aylett mentioned IBM, Schick, and Gillette, as just three companies now holding dominant shares of the Japanese market. He also emphasized that it was just as difficult for the Japanese to learn our "weird and wonderful" ways as it now is for American businessmen to learn theirs.

The system itself is simple and straightforward, with basic principles that make it a working model for almost any business. This seven-step approach begins with collective experience and an agreement on the indicators for both volume and potential success. These indicators are broken down into their component parts (GNP, per capita income, political/economic environment, etc.) and charted. Then, a numerical point scale is used to weight the relevant criteria. Companies and countries are evaluated accordingly.

The last area considered is more qualitative. It involves an adaption of the "Country Cluster" system developed by *Consumer Markets Abroad.* Essentially, this system classifies the world into five major groupings, according to their demographic characteristics. With this "pyramid of opportunity" (see below), chances for success are more easily determined. In the final analysis, certain countries emerge as strategic priorities, while others become candidates for divestiture or closedown.

Overall, Aylett's system functions to clarify the opportunities and minimize the risks involved with overseas marketing. To order the complete text of Aylett's presentation, see page 13, "Transcript of Consumer Markets Abroad seminar now available."



The Pyramid of Opportunity

publications

WORLD OUTLOOK

The World Economic Outlook, April 1987, International Monetary Fund, Washington, D.C., 194 pp., $US 89. Order from: International Monetary Fund, External Relations Department, Attention: Publications Unit, Washington, D.C. 20431.

The World Economic Outlook, prepared by the staff of the World Monetary Fund, provides a comprehensive assessment of world economic prospects. Published twice yearly, it gives short-to medium-term prospects for the world economy.

Based on detailed country-by-country knowledge of the Fund's economists, this volume presents trend analyses using a unique blend of insights on individual country as well as global perspectives. The World Economic Outlook provides historical statistics and projections for a wide range of variables of interest to policymakers. These include data related to output, prices, monetary and fiscal policy, trade, balance of payments, and debt.

World economic trends are disaggregated by region and analytical categories, into which countries are variously grouped.

The **World Economic Outlook,** April 1987 *and its companion, the* **World Economic Outlook, Revised Projections, October 1987,** *form the core of the World Economic and Financial Survey series. In addition to these two volumes, the series for 1987 will include:* Staff Studies for the World Economic Outlook; International Capital Markets, 1987; Primary Commodities: Market Developments and Outlook; Export Credits: Developments and Prospects; *and* Multilateral Official Debt Restructuring.

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